

October 30, 2003

Mr. Roger J. Boyd
Deputy Assistant Secretary for
Native American Programs
Department of Housing and Urban Development
451 Seventh St. SW, Room 4126
Washington, DC 20410

Dear Mr. Boyd:

Subject: Native Hawaiian Housing Block Grant Program
2002 Annual Performance Report

In accordance with the Interim Rule for the Native Hawaiian Housing Block Grant (NHHBG) Program, which became effective on July 15, 2002, specifically, 24 CFR Part 1006.410, Performance reports, the Department of Hawaiian Home Lands (DHHL) is submitting the Annual Performance Report (APR) for 2002.

We appreciate the opportunities that the NHHBG Program provides DHHL in developing affordable housing and associated programs for Native Hawaiians on Hawaiian home lands.

If questions arise during the review of the APR or if additional information is needed to clarify any portion of the APR, please contact Sandra Asato, Planning and Development Coordinator/NAHASDA, at (808) 587-6487; or e-mail <sandy.s.asato@hawaii.gov>.

Aloha and mahalo,

Micah A. Kane, Chairman
Hawaiian Homes Commission

Enc.

Annual Performance Report Cover Sheet

Department of Hawaiian Home Lands (DHHL)

Reporting period for which this APR is prepared: from: 7/1/02 (mm/dd/yy) to: 6/30/03 (mm/dd/yy)

Sandra Asato Name of Contact Person		Planning and Development Coordinator, NAHASDA Title	(808) 587-6487 Telephone no. with Area Code
Micah A. Kane Name of official authorized to submit APR	Chairman, Hawaiian Homes Commission Title	Signature	Date

Certification: The information contained in this report is accurate and reflects the activities actually accomplished during the reporting period. Activities planned and accomplished are eligible under applicable statutes and regulations and were included in the applicable one-year activities in the corresponding Native Hawaiian Housing Plan.

Warning: If you knowingly make a false statement on this form, you may be subject to civil or criminal penalties under Section 1001 of Title 18 of the United States Code. In addition, any person who knowingly and materially violates any required disclosure of information, including intentional disclosure, is subject to civil money penalty not to exceed \$10,000 for each violation.

For HUD use only

Date APR is received by HUD	Time	Logged in by
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Part I – Reporting on the One-Year Native Hawaiian Housing Plan (NHHP)

[NOTE: A separate Part I (that includes Tables I and II) must be completed for each open grant.]

Is this the final APR for this grant?

Check one: Yes

No

X

Each year, the DHHL develops goals and objectives in the NHHP that describe the use of NHHBG funds. At the end of the program year, a report on the progress made towards achievement of the goals and objectives is provided to the public and to HUD.

1. Report on each of the one-year goals and objectives identified in the NHHP for this reporting period on a table format developed by the DHHL. The table should include the following information: Goal, Objective and Task Identification Number; Description of Goal, Objective or Task; Budgeted Amount by Goal, Objective or Task; Expended Amount by Goal, Objective or Task; Project or Program Description; and Accomplishments during the Program Year. Provide an explanation for any cost overruns or delays in completing Goals, Objectives or Task .

As of this reporting, DHHL is on schedule for obligating and expending grant funds, with the exception of Objective 1A, Task 5—Acquisition of a building to initiate a mutual housing rental program. DHHL's search was not successful in securing an adequate building for that purpose.

Although discussions with the counties were initiated during this reporting period, no loans have been made. However, DHHL anticipates funds will be obligated and expended within the required timeframe for the first year's NHHBG.

2. Are you on schedule to complete the 5-year goals identified in your NHHP?

Check one:

Yes

☒

No

☐

3. If the answer to #2 is no, explain causes for delays and how you plan to modify your program to meet your 5-year goals and objectives.

NA

4. How would you change your programs in general as a result of your experience with the implementation of NAHASDA?

As this is the first program year for the NHHBG on Hawaiian home lands, our experiences are limited; therefore, no general changes are anticipated. One aspect of the program that requires change is the expectation of finding an existing multiple family building to initiate a mutual housing program to house and educate renters to become homeowners. No such building was located; therefore, DHHL will have to locate a vacant parcel to design and construct building to conduct the program. Clarification regarding the use of NAHASDA funds in existing communities is imperative in meeting the needs of our homeowners on Hawaiian home lands.

Grant Number: 02NHGHI0001

DHHL FYE: 6/30/03

The Section 184A loan guarantee program has not been implemented. Due to conflicts between the Hawaiian Homes Commission Act and 24 CFR Part 1007, DHHL has not proceeded with this program.

Sources of Funds (Table I)

Explains the sources of funds that are available to DHHL for the housing activities. The information should be provided in table format and include: Funding Sources, Planned Amount, and Funds Actually Awarded (See Attachment 1 for a sample).

Funding Sources – A list of the grants, loans and donations that DHHL received to use for housing activities. Sources could include the NHHBG, other HUD grant programs, program income generated from NHHBG funds and activities, other federal grant programs, state grant programs, and private or commercial funding.

Planned Amount – A list of the planned amounts anticipated by DHHL to be received in the NHHP.

Funds Actually Awarded – A list of the amounts actually received by DHHL from the various funding sources.

Narrative:

If funds actually received are different than planned amounts, explain why the planned amount was not realized and how planned activities are impacted.

Uses of NHHG Funds (Table II)

Compares the funds planned to be expended in the NHHG by planned allowable activities to the actual funds expended for allowable activities. The information should be presented in a table format and compares the planned number of units and the planned number of families to be assisted in the NHHG to the actual number of units started or completed and the actual number of families assisted during the reporting period and cumulatively. (See Attachment 2 for a sample)

Narrative:

Amount of NHHBG funds (principal only) invested as of this reporting period end date.

\$ 0.00

Part II – Reporting on Program Year Accomplishments

[This Part is not grant specific. A single Part II consisting of Sections A through C (including the Inspection of Assisted Housing table), is to be prepared and submitted at the end of each fiscal year and will cover all open grants.]

SECTION A – ASSESSMENT

1. Self-Assessment: Sec. 819(b) of the NAHASDA requires the DHHL to annually review its activities and to include the results of this review in its APR. Under this section, provide a narrative briefly describing the activities monitored, the findings of the DHHL related to these activities, actions planned to address significant deficiencies, and any specific actions conducted to monitor sub-recipients.

During this reporting period, all obligated grant funds were for infrastructure improvements, administration, or technical assistance for self-help housing through a contractor. DHHL monitors all contracts according to conditions within the contracts.

Clarification is necessary regarding the use of the NHHBG for projects within existing communities.

2. Assisted Housing Unit Inspection: Sec. 819(b)(2) specifies that self-assessment must include an on-site inspection of housing units assisted with NHHBG funds. A summary of the results of the assisted housing units inspected in this reporting period should be included in the APR in table format.

During this reporting period, there are no NAHASDA assisted rental units constructed on Hawaiian home lands; therefore, no inspections were conducted.

Inspection of Assisted Housing (Table III)

Provide the information in table format summarizing the results of assisted housing unit inspection. The table should include the following information: Type of Housing; Total Number of Assisted Housing; Number of Units Inspected; Number of Units in Standard Condition; Number of Units Needing Moderate Rehabilitation (costing less than \$20,000); Number of Units Needing Substantial Rehabilitation (costing more than \$20,000); and Number of Units Needing Replacement (See Attachment 3 for a sample).

SECTION B – PUBLIC ACCOUNTABILITY

Section 820(d) of NAHASDA requires the DHHL to make the APR available for public comment and to provide a summary of any comments received from beneficiaries with the submission to HUD. Attach a narrative summary of comments received and, if appropriate, actions planned by the DHHL to address beneficiary concerns.

DHHL Beneficiary Briefing
October 25, 2003
Honolulu Airport Conference Room
10:00 am – 3:00 pm
Honolulu, Hawaii

A draft of the Annual Performance Report (APR) was mailed to the leaders of Hawaiian home lands communities and members of Hui Kako'o Aina Ho'opulapula (Hui Kako'o), representing the applicants on the waiting lists. Leaders, who were in attendance (list attached) were asked to comment on the APR at this quarterly meeting. The discussion was led by Sandy Asato, Planning and Development Coordinator, NAHASDA.

Comments by beneficiaries on NAHASDA 1st year performance:

- Michael Kahikina, Nanakuli Community Homestead Assoc. – “Thank you for your hard work. Encouraged by your good work in the first year. What's in the plan to try to get loan programs going? The OHA Loan Program wasn't successful.”
 - Sandy: DHHL is creating rules for a loan program, the Hawaiian Homes Commission has already approved a draft of these rules and a loan person will be hired to originate and service these loans.
 - Sandy: OHA loan program – the program developed in 1996 for down payment assistance, interim construction, repair and self-help loans at 3% interest was well received and used until the \$20 million set aside by OHA was used.
- Kehau Filimoeatu, Hui Kako'o: “Can we do silent seconds?”
 - Sandy: Explained “silent second” and stated that if an organization wanted to propose such a loan product, it would be considered and could be put in place—details would be needed.
- Kammy Purdy, Hoolehua Homestead Agricultural Association, Molokai - “Can NAHASDA \$\$ be used for refinancing.”
 - Sandy: NAHASDA grant funds could be used for refinancing; however, there are other alternatives in the private sector, such as an FHA 247 loan that is already available.
- Charleen Manu, Panaewa Hawaiian Homestead Community Association – “Thank you for providing the 40 lots at Panaewa. We hope there will be an opportunity to get a basketball court for Panaewa in future years include community facilities.”
- Haulani Fernandez, Hui Kako'o – “What's the difference between rehabilitate and
 - Sandy: They are similar. Rehabilitate is to repair a home and by doing so, the community is revitalized—made better.
- Maydean Bowman, Kawaihae Puaka'ilima Community Association—“Sixty-year old resident (kupuna) has a home in Kawaihae that needs repair – is this an eligible

- Sandy: Yes, because it is a county standard that is being applied to use of NAHASDA funds.
- Kanani Kapuniai, State Council of Hawaiian Homestead Associations—“Re: Goal 5, Task 2, will the survey be available to us to use for documenting our need.”
 - Sandy: Yes. Remember that NAHASDA funds can only be used for families at 80% and below AMI; therefore, if you can verify that only 50% of your community is at 80% and below AMI, you must find matching funds for the balance of your project cost.
- Tony Sang, President, State Council of Hawaiian Homestead Associations—“Revocable permits are given to association that want to use lands for association buildings on Hawaiian home lands. Can we get a lease or long term license for this use?”
 - Darrell Yagodich, DHHL, Planning Office: A license is not mortgageable, a lease is mortgageable and can be used for borrowing. So associations should come in to get a lease.
- Paul Richards, Waimanalo Hawaiian Homes Association—“Kapolei self-help goal/task were NAHASDA funds used?”
 - Sandy: Yes, NAHASDA funds were used to pay for technical assistance.
- Paul Richards, Waimanalo Hawaiian Homes Association--“When NAHASDA was introduced we had the chance to get 4X the \$\$ but because OHA and DHHL were fighting, the Indians get \$40M a year and we only get \$10M a year.”
- Kehau Filimoeatu, Hui Kako’o –“\$8M is what we have and we’ve obligated \$6M, how
 - Sandy: We were allocated \$9.6M of which we have obligated about \$7M. \$6M was for infrastructure development. The monies are allocated according to goals. Goal 5 is obligated to administration of the program, which is limited to 5% of the grant funds. Each year we must prepare an APR and describe how the funds were used and what we did and didn’t do according to the approved Native Hawaiian Housing Plan.
- Tony Sang, President, State Council of Hawaiian Homestead Associations—“In Indian Country the housing authorities are the tribes but with this program DHHL is the housing authority. Why aren’t the homestead beneficiaries the housing authority
 - Bob Freitas, DHHL Planning Office: The tribes are in competition for funds now but Congress is looking at making Indian NAHASDA programs into “regional” housing authorities for Indian country. Congress is not increasing the level of funding and spending your NAHASDA funds is one of the criterion for measuring success and benchmark for whether Congress will increase funding. Hawaii has

a good program now for structure and set-up and we may not want to make the rules changes now.

- Kyno Ravelo, Kalamaula Mauka, Molokai—"Mahalo for the capacity training workshops; maybe we can get partnerships locally that can work with local groups to help."
 - Sandy: Those local non-profits that you want to partner with are eligible to attend the capacity training workshops, too, provided that their intent is to assist our beneficiaries.
- Mike Kahikina, Nanakuli Community Homestead Association,--"Why aren't we using"
 - Sandy: The interim rules require the assignment of loan and lease to the lender or HUD when a loan goes into default. DHHL commented that the Hawaiian Homes Commission Act and our leases would not allow the transfer of lease to HUD or the lender. We are awaiting the final or proposed rule regarding this so that we can proceed with the implementation of the 184A loan program.
- Sol Kahooalahala, Lanai—"Why doesn't DHHL offer to assist HUD in the correction"
 - Sandy: We offered to assist in the development of the rules and were informed that we had to wait until the rules were published. When the rules were published, we commented and now we are awaiting the revised rule. We may be able to use the program with the revised rule or we will comment again.
- Kanani Kapuniai, State Council of Hawaiian Homestead Associations—"When does management of the funds turn over to the beneficiaries?"
 - Sandy: As long as the law states that DHHL is the sole recipient, the funds will be granted to DHHL and the beneficiaries will receive it through subrecipient agreements.

Grant Number 02NHGHI0001**Table I – Sources of Funds**

Sources of Funds for NHHBG Activities	Planned Amount (from the NHHP)	Total Amount Actually Awarded
(a)	(b)	(c)
1. HUD Resources		
a. Native Hawaiian Housing Block Grant	\$9,600,000.00	\$9,600,000.00
b. Program Income	\$0.00	\$0.00
c. Other HUD Programs	\$0.00	\$0.00
2. Other Federal Resources	\$0.00	\$0.00
a.		
b.		
c.		
3. State Resources	\$0.00	\$0.00
a.		
b.		
c.		
4. Private Resources	\$0.00	\$0.00
a.		
b.		
c.		
5. Total Resources	\$9,600,000.00	\$9,600,000.00

Grant Number 02NHGHI0001**Table IIa – Uses of NHHG Funds**

Activity		Planned (from the NHHG)		Year-to-Date		Cumulative-to-Date		Percentage of NHHBG Grant Funds Obligated
		Budgeted NHHBG Amount	Budgeted Other Amounts	Grant (NHHBG) Funds Expended	Other Funds Expended	Grant (NHHBG) Funds Expended	Other Funds Expended	
(a)		(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	Development	\$8,920,000.00						
a)	Rental							
	Construction of new units							
	Acquisition	\$2,770,000.00						
	Rehabilitation							
b)	Homeownership							
	Construction of new units	\$2,800,000.00						
	Loan Programs	\$3,250,000.00						
	Grants	\$100,000.00						
	Acquisition							
	Rehabilitation							
2.	Housing Services	\$200,000.00						
3.	Housing Management Services							
4.	Crime Prevention and Safety							
5.	Model Activities (specify below)							
a)								
6.	Planning and Administration	\$480,000.00		\$82,988.00		\$82,988.00		17.3%
7.	Total	\$9,600,000.00		\$82,988.00		\$82,988.00		0.865%

Grant Number **02NHGHI0001**

Table IIb – Uses of NHHG Funds

[illegible]

Table III – Inspection of Assisted Housing

Type of Housing	Total Number of Assisted Units	Units Inspected				
		Total Number of Units Inspected	Number of Units in Standard Condition	Number of Units Needing Moderate Rehabilitation (costing less than \$20,000)	Number of Units Needing Substantial Rehabilitation (more than \$20,000)	Number Units Needing Replacement
Homeownership	0	0	0	0	0	0
Rental	0	0	0	0	0	0
Total	0	0	0	0	0	0

ANNUAL PERFORMANCE REPORT---NATIVE HAWAIIAN HOUSING PLAN/NAHASDA 7/01/02 TO 6/30/03						
	DESCRIPTION	BUDGETED AMT.	FUNDS OBLIG.	FUNDS EXPENDED	PROJECT/PROGRAM	STATUS
GOAL NO. 1	To increase the affordable housing inventory on HHL to meet the increasing or unmet demand for housing by low-income nH families.	\$ 8,920,000.00	\$6,564,000.00			
OBJECTIVE 1A	To enhance the supply of affordable housing units through the construction of infrastructure improvements or single-family, multi-family, rent-to-own, or rental housing.					
TASK NO. 1	Design and construct new infrastructure improvements for at least one single-family residential subdivision.		\$ 2,000,000.00	\$ -	Waiakea 6 (40 units)	Construction of Infrastructure for 40 lots. Environmental Release of Funds rec'd 12/5/02. Groundbreaking ceremony held on July 22, 2003.
			\$ 4,000,000.00	\$ -	Waiehu Kou Ph.3 (115 units)	Construction of infrastructure for at least 55 lots. Total cost of project approx. \$8.9M--\$4.9M DHHL trust funds and \$4M from NHHBG--Approximately 50% of families meet the 80% and below AMI. Environmental Release of Funds rec'd 6/12/03.
TASK NO. 2	To partner with private non-profit and/or for-profit organizations in the construction of affordable housing units for at least one single-family residential subdivision.					
TASK NO. 3	To create at least one affordable housing program that encourages the self-help (sweat equity) construction method and the use of private capital (if possible) to assist low-income families achieve homeownership.		\$ 564,000.00	\$ -	Kapolei Self Help (33 units)	Technical assistance for 33 families to construct houses using the mutual self-help method. Environmental Release of Funds rec'd 4/25/03.
TASK NO. 4	To support the provision of affordable housing activities by offering appropriate financing options to eligible nH.				Loan Programs	DHHL will develop a low interest direct loan program for self-help families using NAHASDA funds..
TASK NO. 5	To initiate the search for and acquisition of real estate, which may require renovation, for a mutual housing project--to provide housing, education and experience for eligible applicants to transition from renter to homeowner.				Mutual Housing	No acceptable building was found to initiate this program, NHHP will be amended to delete project. Second year NHHP includes task to locate vacant lot and RFP for nonprofit organization to initiate project on HHL.
OBJECTIVE 1B	To assist in the preservation and revitalization of existing homes and communities on HHL.					
TASK NO. 1	Coordinate with existing Federal, State, local or private resources available for housing rehabilitation to eliminate duplication and leverage NAHASDA grant dollars.				All islands	Discussions continue with county and state housing agencies to initiate a home repair program.
TASK NO. 2	Create a subsidized loan and/or grant program to assist eligible families rehabilitate or expand existing housing units.				All islands	Loan program is incorporated in County Rehab Loan Program.
GOAL NO. 2	To support the development and maintenance of healthy and safe communities on HHL.	\$ -				DHHL awaiting interpretation of interim rules to allow programs and model activities in existing Hawaiian home lands communities.
GOAL NO. 3	To encourage self-determination within nH communities located on HHL in resolving housing and community development issues.	\$ -				DHHL awaiting interpretation of interim rules to allow programs and model activities in existing Hawaiian home lands communities.
GOAL NO. 4	To develop educational and training programs to address the housing and community needs on HHL.	\$ 200,000.00			All islands	
OBJECTIVE	To encourage development of and access to educational programs that assist nH families with financial literacy and pre- and post-homebuyer education.					
TASK	Partner with private non-profit or for-profit organizations to provide homebuyer counseling services or financial literacy education services to nH families who are eligible to purchase NAHASDA assisted units.	\$ 42,547.00		\$ -	Waianae Valley Self-Help Project (32 units)	Consuelo Alger Foundation to provide technical assistance to low and very low income families on homeownership. ERR that activity is categorically excluded was executed on 3/20/03.
	DESCRIPTION	BUDGETED AMT.	FUNDS OBLIG.	FUNDS EXPENDED	PROJECT/PROGRAM	STATUS
GOAL NO. 5	To enhance the capacity to implement NAHASDA and actively seek partnership opportunities with non-profit and for-profit housing and housing related service providers.	\$ 480,000.00	\$ 480,000.00			
OBJECTIVE 5A	To provide sufficient administration and organizational capabilities to manage affordable housing programs, properties and assets on HHL.					
TASK NO. 1	Increase staff resources for DHHL to administer and manage the NAHASDA program.			\$ 50,734.00		1. Planning and Development Coordinator, NAHASDA, assigned to position to implement program. 2. Conducted interviews for Accountant position on 6/25/03. Will hire shortly.
TASK NO. 2	Contract for survey beneficiary eligibility for NAHASDA assistance		\$ 109,330.00	\$ 32,254.00		Chairman executed EA Exempt memo 3/21/03. Fiscal will reimburse DHHL's account for disbursements made to SMS under Contract No. 50186.
TASK NO. 3	Enhance the loan servicing capacity available for lending on HHL.					
OBJECTIVE 5B	To establish collaborative partnerships to address affordable housing needs.					
TASK NO. 1	Provide technical assistance to community based organizations located on HHL, non-profit and for-profit affordable housing providers, nH service organizations, State and local housing agencies, and other organizations that provide housing and community services to educate these organizations about NAHASDA and to encourage partnerships and planning for future activities.					Met with CNHA (Robin Danner) to review draft application form, monitoring procedures and reporting procedures and forms on 4/29/03. Products to be finished by 7/03.
TASK NO. 2	Pursue opportunities to educate private lenders and encourage their participation in the Section 184A program or other financing programs created utilizing NAHASDA dollars.					This program is on hold. Interim rules are inconsistent with DHHL rules (No change).
	TOTALS	\$ 9,600,000.00	\$7,044,000.00	\$ 82,988.00		